



BALBOA  
REPUBLIC OF PANAMA

## PANAMA CANAL COMMISSION

Department of Financial Management

U.S. MAILING ADDRESS:  
UNIT 2300  
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November 12, 1997

FMS-2175

Ms. Bettsy H. Lane  
Director, Cash Management Directorate  
Financial Management Services  
401 14<sup>th</sup> St., S.W.  
Washington, DC 20227

Dear Ms. Lane:

Mr. Edward McAleer of this office spoke to you briefly at the FMS ACH Collection Trade Show held at the GSA Auditorium, Washington, D.C., in September of this year. The subject of the conversation was the appropriate manner in which the Panama Canal Commission should proceed to request a waiver to the requirement to use electronic funds transfer (EFT) for Federal payments as mandated by the Debt Collection Improvement Act of 1996 (DCIA). At your suggestion, I am now writing you directly.

The Commission is seeking a waiver from the EFT requirements of the DCIA based on it's foreign location, it's very limited life, and the needs of it's successor, a Government of Panama entity. The reasons are further described below:

- a. As stated in the Panama Canal Treaty of 1977, the Commission, which is headquartered in the Republic of Panama, ceases to exist on December 31, 1999, at which time it is transferred to the Government of Panama and becomes a Panamanian Government entity named the Panama Canal Authority.
- b. The Commission does not disburse using U.S. Treasury checks or through a Treasury Disbursing Center, it has and needs local disbursing authority. This arrangement facilitates our payment needs since approximately 70% of our non-payroll disbursements, representing approximately 80% of the dollar volume, are negotiated in the Republic of Panama, where EFT service is not available. Implementation of a mandatory EFT system for our stateside disbursements would tend to "institutionalize" something that would not be available to the Panama Canal Authority in the year 2000. In fact, implementation of an EFT payment system could have a detrimental effect on the Panama Canal Authority when they try to disengage the stateside vendors from this

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very efficient payment method. Additionally, the Commission has a "buy Panama" policy that increases the amount of local purchases/payments each year.

c. The Commission does make EFT payments of net payroll and allotment disbursements for U.S. citizen and local national employees who have accounts in the United States. However, U.S. citizen employees (approximately 600) represent only 7% of our total workforce (approximately 8,100 permanent employees), and this percentage decreases each year.

d. The Commission's current Accounts Payable system would have to be extensively modified to accept EFT payments.

e. The Commission is in the process of installing a new accounting system for year 2000 compatibility and to have an up-to-date system more in line with the financial needs of the new Panama Canal Authority. This new system can accommodate EFT payments when and if they become available in Panama.

f. Most of the Commission's efforts over the next two years will be towards a functional and financial reorganization to accommodate the needs of the Panama Canal Authority. The implementations of new U.S. rules, regulations and systems which will have no applicability to the Panama Canal Authority, tend to reduce the much needed resources for the aforementioned endeavor.

As you can see, implementation would only be partial at best and could have a negative effect on our successor entity. Because of this, and the reasons mentioned above that I believe a waiver of the EFT payment requirement for the Commission is merited and best for all parties involved.

Your consideration and favorable response would be greatly appreciated. If you have any further questions, please contact myself or Mr. McAleer of my staff at telephone 011-507-272-3501 or 1-800-622-2625 extension 272-3501.

Sincerely,



Victoria E. de Beare  
Manager, Systems Division